



# THE MAGNET™



SEPTEMBER/OCTOBER 2007

[www.magmutual.com](http://www.magmutual.com)

YOUR SOURCE FOR IMPORTANT PHYSICIAN INFORMATION

## Risk Management Tips

### Do Older Adults Know Their Spouses End of Life Treatment Preferences?

Older married adults often name their spouses to make health care decisions for them should they become incapacitated and unable to convey their wishes to care providers. The common way to do this is through a Durable Power of Attorney for Health Care, also called a health care proxy.

However, according to a new study by University of Wisconsin researchers, many spouses are often surprisingly inaccurate. Reviewing responses from 2,750 married couples who participated in the 2004 Wisconsin Longitudinal Study, the researchers concluded that individuals often incorrectly identified their spouse's care preferences.

For example, 28 percent of the study respondents incorrectly named their spouse's preferences when presented with a hypothetical scenario involving the spouse being in great pain and having a low chance of survival. And 14 percent incorrectly identified their spouse's preferences if the spouse were in minimal pain but were cognitively impaired.

The researchers found support for their hypothesis that respondents were projecting their own end-of-life preferences onto their partner. They also concluded that women are not more accurate predictors of their spouse's wishes than men.

Among the researchers' possible explanations for the apparent lack of knowledge of a spouse's end-of-life treatment preferences were: a wish to avoid thinking about a partner's death; an attempt to shield loved ones from potentially distressing concerns; efforts to conceal preferences from one another if they think the spouse will disapprove or change the preference; and the assumption that loved ones

*(Continued on page 2)*

### How Premium Rates Are Determined

When articles are published and stories told about the cost of medical professional liability insurance premiums, it can get confusing and the facts are often distorted. As a physician-owned and led mutual insurer, we want you to understand how your policy's rates are set, so that you can make the most informed purchasing decision for your practice.

Independent actuaries use the following to determine premium rates: expected claims expenses the company will incur to defend physicians and pay injured patients, expenses necessary to run the company and provide policyholder services, investment income and profit. The most important factor by far is the claims expense. For this issue, we'll focus on the impact of those expenses on premiums.

The major difference in pricing insurance vs. pricing other products or services is that insurance rates are based on predictions of the future, using past experience as a guide. The actual number of claims and the cost of a claim – severity and length of time to defend and close the case – is not known when the policy is sold. Therefore actuarial science is used to determine premium rates.

A leading independent actuary in medical professional liability insurance develops MAG Mutual's rates, using past loss experience as a guide. Premiums can vary from physician for geographic location. There is an old saying in the insurance business that simplifies the message: *"the losses are the losses – and losses drive the rates."*

*(Continued on page 2)*

### Silver Anniversary Tribute To Physicians

MAG Mutual is celebrating 25 years of serving physicians in 2007 and to commemorate our silver anniversary, we've developed a short video tribute in celebration of you and the thousands of physicians we serve.

It both reflects on and celebrates your decision to become a

*(Continued on page 2)*

## In Practice. In Life. Hot Off The Press! Fall Medical Publications Catalog

The new MAG Mutual Healthcare Solutions, Inc. **Fall Medical Resource Reference Guide** features the **2008 Fee & Coding Guide**, an updated suite of **Bare Essentials Coding Software, Correct Coding Publications** and information on the latest Coding Certification Workshops.



Place your order today and receive a **FREE Fisherman Codey the bear!** Supplies are limited, one bear per order. Also, if order placed equals \$250 or more, you'll also receive a **FREE Codey key chain.** Call toll free **1-888-738-7485** or, for additional savings, order online at [www.coderscentral.com/books](http://www.coderscentral.com/books).

*(Silver Anniversary Tribute, continued from page 1)*

physician, your training, personal sacrifices, and daily devotion and dedication to helping your patients.



We hope you will enjoy the video tribute, play it often and share it with your family, friends and associates. The DVD's run time is just over two minutes and can be played in any DVD player. You will receive it by mail mid-October.

Our physician Board of Directors and all employees thank you for your loyalty and trust in MAG Mutual, and we promise to strive for even greater achievements in the next 25 years.●

*(Do Older Adults Know Their Spouses End of Life Treatment Preferences?, continued from page 1)*

know them well enough to make the right choices.

Providers can help their patients prepare for end of life decision-making in a number of ways:

- Encourage patients to discuss End of Life options with their spouses and families before a crisis occurs.
- Suggest patients prepare Living Wills so that specific instructions may be given concerning the patient's wishes.
- Ask patients to provide you with copies of any Advance Directives for their medical records, and/or for discussion with you.●

\*MAG Mutual does not presume to establish any standard of care or establish rules for the practice of medicine. The particular patient-care strategies or range of patient-care strategies mentioned in this article should be tempered by the physician's judgment.

*(How Premium Rates Are Determined, continued from page 1)*

MAG Mutual is required to file actuarially determined rates with each state's Department of Insurance, where they are closely analyzed, authorized and monitored.

### Competitive Pricing

Some insurers may initially offer premiums that are less than actuarially sound. They usually do so to "buy" market share, but since the "losses are the losses," these companies are likely to raise premiums quickly to recoup the dollars needed to cover their actual claims expenses. As a policyholder-owned insurer, our goal is to offer the lowest possible premiums to our physicians and maintain a stable and fiscally responsible insurance company.

Companies who ignore or discount actuarially sound rates must sometimes make trade-offs with other areas to show a profit. Whether it's in the way claims are handled and defended (i.e., using out-of-area third parties to manage claims or hiring less experienced lawyers and expert witnesses), poor risk management, providing minimal customer service; a policyholder will soon learn the differences between that approach and MAG Mutual. MAG Mutual is recognized within the industry and by its satisfied policyholders as providing local, experienced and superior claims management and legal defense. Led by physicians on the company's Board of Directors and on the Claims and Underwriting, committees, our commitment to excellent policyholder service is unmatched.●

## MAG Mutual Rated A- (Excellent) with Stable Outlook by A.M. Best



**MAG MUTUAL**®  
Because your patients come first.

the **MAGnet**™

MAG Mutual Insurance Co.  
P.O. Box 52979  
Atlanta, GA 30355-0979

© 2007 MAG Mutual Insurance Company

PRE SORT STD  
U.S. POSTAGE  
**PAID**  
Atlanta, Ga.  
Permit No. 3329